apei AMERICAN PUBLIC EDUCATION, INC.








PURPOSE MADE POSSIBLE







Fourth Quarter 2019 Results
March 10, 2020

PRESENTED BY

Angela Selden
President and CEO

Richard Sunderland, CPA
Executive VP and CFO

“An investment in knowledge pays the best interest.”

— Benjamin Franklin

Safe Harbor Statement

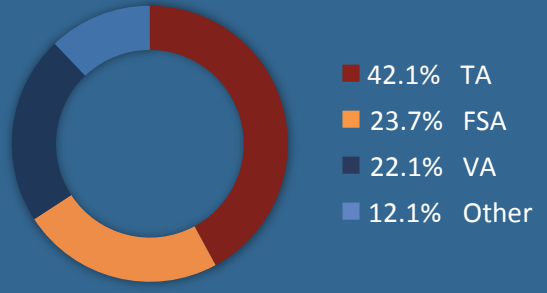
Statements made in this presentation regarding American Public Education, Inc., or its subsidiaries, that are not historical facts are forward-looking statements based on current expectations, assumptions, estimates and projections about American Public Education, Inc. and the industry. These forward-looking statements are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “seek,” “could,” “estimate,” “expect,” “intend,” “may,” “should,” “will” and “would.” These forward-looking statements include, without limitation, statements regarding expected growth, expected registration and enrollments, expected revenues, expenses and earnings, and plans with respect to recent, current and future initiatives (including our marketing initiative and efforts to rebuild the nursing platform as well as information technology replacements and upgrades), investments and partnerships. Actual results could differ materially from those expressed or implied by these forward-looking statements as a result of various factors, including the various risks described in the “Risk Factors” section and elsewhere in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and other filings with the SEC. The Company undertakes no obligation to update publicly any forward-looking statements for any reason, unless required by law, even if new information becomes available or other events occur in the future.

OUR PRIORITIES & EARLY RESULTS

APUS Net Course Registrations by Primary Funding Source:

THREE MONTHS ENDING DECEMBER 31, 2019

	%Change(Y/Y)
TA	+5.5%
VA	+0.1%
Other	-1.7%
FSA	-6.1%
Total	+0.5%



- **Grow the Core Business.** Recent value-creation study revealed several promising opportunities and validated our belief that a high ROI on learner educational investment can drive sustained enrollment growth.

- **Enhance the Student Experience.** APUS is live with a new cloud-based LMS and plans to complete a full rollout of the LMS and a new CRM by 2021.

- **Increase the Number of Military Learners with *Minimal or No Out-of-Pocket Costs.*** Extending tuition and book grants for active-duty military may be positively impacting net course registrations by students utilizing military tuition assistance.

- **Stabilize and Grow HCN.** Several key performance indicators such as new student enrollment, withdrawal rates, retention rates, and bad debt expense have shown initial signs of improvement year-over-year.

  HCN also announced the opening of the Indianapolis Campus with classes starting on April 6, 2020.

FOURTH QUARTER 2019 FINANCIAL SUMMARY

74.4M
CONSOLIDATED REVENUES

$0.37/ SHARE
GAAP EPS DILUTED

450,223
REPURCHASED SHARES

$202.7M
CASH AND EQUIVALENTS

- Consolidated revenue decreased by 3% to $74.4 million, compared to $76.9 million in the same period of 2018.
- Net income of $5.7 million, or $0.37 per diluted share, compared to net income of $9.1 million, or $0.55 per diluted share, in the prior year period. Net income in 4Q19 was impacted by an operating loss in our HCN Segment, as well as technology transformation project costs and higher selling and promotional expenses at APUS.
- Total cash and cash equivalents as of December 31, 2019 were approximately $202.7 million, compared to $212.1 million as of December 31, 2018.
- We repurchased 450,223 shares of common stock at an average price of $23.75 per share.
- On December 5, 2019, our Board approved an additional authorization to repurchase up to $25.0 million of shares. At December 31, 2019, there remained $22.0 million available under this authorization.

APEI OUTLOOK

	First Quarter 2020 Approximate Y/Y Change
APUS Net course registrations[1] by new students	Approximately +0%
APUS Net course registrations[1]	Approximately +1%
HCN New student enrollment[2]	+31%
HCN Student enrollment[2]	-9%
AEI Consolidated revenue	-1% to +3%
APEI Consolidated net income per share	$0.13 to $0.18

These statements are based on current expectations.

These statements are forward-looking and actual results may differ materially.

1. APUS Net course registrations represent the approximate aggregate number of courses for which students remain enrolled after the date by which they may drop a course without financial penalty.
2. HCN Student enrollment represents the total number of students enrolled in a course after the date by which students may drop a course without financial penalty.

APPENDIX

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	**2018**	**2019**	**2018**
COSTS AND EXPENSES				
Instructional costs and services	37.7%	37.0%	39.1%	38.7%
Selling and promotional	20.2%	18.2%	21.0%	19.1%
General and administrative	25.4%	24.3%	27.3%	25.0%
Loss on disposals of long-lived assets	—	—	0.2%	0.3%
Impairment of goodwill	—	—	2.5%	—
Depreciation and amortization	5.1%	5.6%	5.4%	5.9%
Total costs and expenses	**88.4%**	**85.1%**	**95.5%**	**89.0%**